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FPCCI, other chambers float budget proposals

Refunds, energy costs & super tax among pressing issues



Pakistan's business community, representing more than a dozen chambers of commerce, including the Federation of Pakistan Chambers of Commerce and Industry, has proposed measures for the upcoming budget aimed at reducing the cost of doing business.

They urged the government to clear pending refunds, ensure competitive energy costs, abolish the Super Tax, and resolve pressing issues related to the Federal Board of Revenue (FBR) taxes to enhance exports.

Representatives of the trade bodies came up with these demands at a meeting of the Senate Standing Committee on Finance on Wednesday. The meeting was called for a pre-budget consultation with stakeholders at the Parliament House.

Concerns over rising costs, declining industrial activity, and tax-related challenges dominated discussions, where business leaders and stakeholders presented a range of proposals to revive economic activity.

Most of the chambers, including the Karachi Chamber of Commerce and Industry (KCCI), raised key taxation-related issues with the FBR.

The chambers were unanimous on the abolition of the Super Tax and restoration of the final tax regime for exporters through the Finance Bill 2026.

The entire business community was shocked by notices of default surcharge served on businessmen who had already paid Super Tax. The panel assured the business community that it will take up this matter with the FBR Chairman.

All chambers and federations were also not happy over the current environment of enforcement for tax recovery against the business community.

Chairman of the committee Senator Saleem Mandviwalla categorically said that he daily receives calls from the business community on attachment of their bank accounts by the FBR.

He said the committee will try to resolve tax anomalies of business and trade before the announcement of the federal budget (2026-27). The committee will try to bridge the gap between the business community and the government.

According to Mandviwalla, the committee will strongly recommend that the National Assembly abolish the Super Tax in the coming budget.

All chambers and federation should submit their FBR-related issues to the committee for resolution.

Aman Paracha, Vice President of the FPCCI, informed the committee that the tea should be excluded from the Third Schedule of the Sales Tax Act and brought under the Eighth Schedule of the Sales Tax Act. The tea, imported in bulk quantity, should not be charged sales tax on the basis of the printed retail price.

During the meeting, the FPCCI proposed restoration of the final tax regime for good exporters.

All categories of exporters should be added to the “FASTER” refund payment system. The new exporters are not added in the “FASTER” system, which creates liquidity problems for the new exporters.

FPCCI also suggested the abolition of a 4 percent further sales tax on supplies to unregistered persons. The FBR is collecting around Rs 1-3 billion from further sales tax, which is mostly paid by registered companies.

The FPCCI also proposed rationalization of withholding taxes and minimum taxes in the coming budget (2026-27). The withholding taxes under sections 148, 153, 236G, and 236H should be rationalized.

The FPCCI informed the committee about the misuse of the Export Facilitation Scheme (EFS) by unscrupulous exporters. The FBR must abolish sections 7E and 7F of the Income Tax Ordinance for the growth of the real estate sector.

Chairman of the Businessmen Group (BMG) Muhammad Zubair Motiwala talked about measures to enhance exports. The energy prices are too high, and the cost of manufacturing is too high. He also urged the FBR to clear pending income tax and sales tax refunds.

“Energy costs are extremely high—how can industry survive under such conditions?” he said, adding that if Pakistan’s production costs were brought in line with countries like Bangladesh, exports could potentially double, Motiwala added.

Muhammad Jawed Bilwani, Chairman, J.B Industries & former KCCI President, recommended to reinstate the Final Tax Regime (FTR) as optional with a 1% turnover tax, ensure timely sales tax refunds, and provide tax relief for exporters facing losses with a transparent mechanism. The exporters who wish to remain in NTR should be protected from any undue harassment from FBR by forming a Special Committee to protect their rights.

He also suggested reinstating EFS in its original form with added checks and balances so no misuse can occur, and making sure that the non exporting manufacturers are not hurt by any misuse.

The FBR should remove Section 7E, which has an extremely controversial rationale bordering on a wealth tax.

He also suggested removing the requirement for Senior citizens (Anyone aged 50+) to provide biometric verification, provide alternative measures like facial recognition. The verification should be done online via web applications and NADRA software, and end cumbersome medical documentation.

Industrialist Javed Bilwani remarked that Senators have effectively raised the concerns of the business community during the session.

Syed Ahtesham Mazhar, President of the Sialkot Chamber of Commerce and Industry (SCCI), spoke about the issues in SRO.1387 of the FBR, pertaining to the Inland Revenue Stations at border areas.

He disclosed that an amount of Rs 8 billion is pending with the FBR in the form of deferred income tax and sales tax refunds of exporters of Sialkot.

He raised serious issues in the export facilitation scheme where post-dated cheques have been replaced with bank guarantees, creating serious problems for the exporters, President SCCI added.

The representative of the Attock Chamber of Commerce and Industry expressed concern over excessive imports of raw materials and inputs by the erstwhile tribal areas, having a negative impact on the domestic industry.

President of the Lahore Chamber of Commerce and Industry (LCCI), Faheem ur Rehman Saigol, strongly recommended that the committee resolve a major anomaly in customs tariff. The raw material (Stearic Acid) is subjected to a higher rate of 15 percent customs duty, but the finished products are subjected to zero percent duty.

A representative of the pharmaceutical industry blamed the Federal Board of Revenue (FBR) for the collapse of pharmaceutical exports, claiming that excessive regulatory pressure has driven multinational pharmaceutical companies out of the country.

Chairing the session, Saleem Mandviwalla clarified that the meeting was intended for gathering proposals, warning that prolonged debate could hinder progress.

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) highlighted several issues faced by exporters, noting that new exporters often do not receive sales tax refunds under the FASTER system for up to a year. The body called for reforms to boost export growth.

Muhammad Ayub Khan Maryani, President of the Quetta Chamber of Commerce and Industry (QCCI), recommended rationalizing customs valuation for land-route imports by reducing benchmark values by 35–40% to reflect actual costs and discourage smuggling.

S.R.O. 1387(I)/2025 should be withdrawn from land customs stations, or penalty calculations should be based on the final IGM filing date.

The requirement of the Electronic Import Form (EIF) for trade with Iran should be permanently withdrawn to facilitate formal trade in the absence of banking channels. The EIF exemption for a limited timeline (45 days) by the MoC has not served the purpose.

We also request allowing 30% to 40% mutilation of re-rollable scrap in line with practices at Gaddani Ship-Breaking Yard to ensure compliance and industrial efficiency, the QCCI President recommended.

Participants broadly agreed that without immediate structural reforms, Pakistan's industrial and export sectors could face further decline.

The representatives of the Rawalpindi Chamber of Commerce and Industry, Gujranwala Chamber of Commerce and Industry, Khyber Chamber of Commerce, and Industry, and the Sarhad Chamber of Commerce and Industry also submitted their proposals for the upcoming budget.

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